

FINANCIAL STATEMENTS AND
INDEPENDENT ACCOUNTANT'S REPORT
LOUISIANA CULTURAL ECONOMY FOUNDATION
FOR THE YEAR ENDED DECEMBER 31, 2010

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 5/18/11

LOUISIANA CULTURAL ECONOMY FOUNDATION

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PAILET, MEUNIER and LeBLANC, L.L.P.

Certified Public Accountants

Management Consultants

INDEPENDENT ACCOUNTANT'S REPORT

To the Board of Directors of
Louisiana Cultural Economy Foundation

We have audited the accompanying statement of financial position of the Louisiana Cultural Economy Foundation (a nonprofit organization) as of December 31, 2010 and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, such financial statements present fairly, in all material respects, the financial position of Louisiana Cultural Economy Foundation at December 31, 2010, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2011, on our consideration of Louisiana Cultural Economy Foundation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Pailet, Meunier and LeBlanc, LLP

Metairie, Louisiana
March 30, 2011

3421 N. Causeway Blvd., Suite 701 • Metairie, LA 70002 • Telephone (504) 837-0770 • Fax (504) 837-7102
201 St. Charles Ave., Suite 2500 • New Orleans, LA 70170 • Telephone (504) 599-5905 • Fax (504) 837-7102
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LOUISIANA CULTURAL ECONOMY FOUNDATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2010

ASSETS

Current Assets	
Cash and Cash Equivalents	\$ 308,185
Accounts Receivable	5,196
Grants Receivable	<u>40,000</u>
Total Current Assets	353,381
Property and Equipment	
Furniture, Fixtures & Equipment	14,873
Accumulated Depreciation	<u>(3,140)</u>
Total Property and Equipment	<u>11,733</u>
Total Assets	<u>\$ 365,114</u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Grants Payable	\$ 280
Accrued Payroll and Payroll Taxes	475
Deferred Revenue	<u>60,000</u>
Total Liabilities	60,755
Contingencies	160,353
Net Assets	
Unrestricted	94,006
Temporarily Restricted	<u>50,000</u>
Total Net Assets	<u>144,006</u>
Total Liabilities and Net Assets	<u>\$ 365,114</u>

The accompanying notes are an integral part of the financial statements.

LOUISIANA CULTURAL ECONOMY FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010

UNRESTRICTED NET ASSETS

Unrestricted Revenue and Gains	
Contributions	
Individuals	\$ 14,215
Corporations	136,750
Foundations	55,000
Government	2,500
Grants	254,262
In-Kind Contributions	75,462
Miscellaneous	83,716
Net Assets Released from Restrictions	
Donor Restrictions Satisfied	<u>13,000</u>
Total Unrestricted Revenue and Other Support	<u>634,905</u>
Expenses	
Program	839,628
Supporting	<u>76,748</u>
Total Expenses	<u>916,376</u>
Increase/(Decrease) in Unrestricted Net Assets	<u>(281,471)</u>
Temporarily Restricted Net Assets	
Healthcare Initiative	
JP Morgan Chase	50,000
Economic Opportunity Fund	
Keller Foundation	10,000
Tobacco Free Living	3,000
Net Assets Released from Restrictions	
Donor Restricted Satisfied	<u>(13,000)</u>
Increase/(Decrease) in Temporarily Donor Restricted Net Assets	<u>50,000</u>
Increase (Decrease) in Net Assets	(231,471)
Net Assets at Beginning of Year	<u>375,477</u>
Net Assets at End of Year	<u>\$ 144,006</u>

The accompanying notes are an integral part of the financial statements.

LOUISIANA CULTURAL ECONOMY FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2010

	Total	Program Services	Supporting Services
Fiscal Agent	\$ 464,233	\$ 464,233	\$ -
EOF Grant	68,405	68,405	-
Salaries	130,904	104,723	26,181
Payroll Taxes & Benefits	12,919	10,335	2,584
Professional Fees	121,683	97,346	24,337
Office Rent	5,087	4,070	1,017
Utilities	5,795	4,636	1,159
General & Administrative	<u>107,350</u>	<u>85,880</u>	<u>21,470</u>
Total Expenses	<u>\$ 916,376</u>	<u>\$ 839,628</u>	<u>\$ 76,748</u>

The accompanying notes are an integral part of the financial statements.

LOUISIANA CULTURAL ECONOMY FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2010

CASH FLOWS FROM OPERATING ACTIVITIES:	
Increase(Decrease) in Net Assets	\$ (231,471)
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation and amortization	1,706
(Increase) decrease in operating assets:	
Accounts Receivable	(5,196)
Grants Receivable	(17,309)
Increase (decrease) in operating liabilities:	
Grants Payable	82,904
Accrued Payroll and Payroll Taxes	4
Deferred Revenue	60,000
Total adjustments	<u>122,109</u>
Net cash provided (used) by operating activities	<u>(109,362)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Property & Equipment additions	<u>(13,248)</u>
Net cash provided (used) by investing activities	<u>(13,248)</u>
Net increase in cash and equivalents	(122,610)
Cash and equivalents, beginning of year	<u>430,795</u>
Cash and equivalents, end of year	<u>\$ 308,185</u>

The accompanying notes are an integral part of the financial statements.

LOUISIANA CULTURAL ECONOMY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Louisiana Cultural Economy Foundation (The Foundation) is a Louisiana not-for-profit 501(c)(3) corporation, which strives to be a catalyst for the development and enhancement of the distinct cultural industries of Louisiana by promoting the economic health and quality of life of our cultural economy workforce.

The Foundation provides support to Louisiana's cultural economy to make it an engine of economic and social rebirth. The support generated by the Foundation is used to support the economic health and quality of life for Louisiana's cultural economy workforce statewide.

Financial Statement Presentation

The Foundation has adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Foundations." Under SFAS No. 117, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Foundation is required to present a Statement of Cash Flows.

In accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, the Foundation's contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Basis of Accounting

The accompanying financial statements have been prepared based on the accrual basis of accounting in accordance with generally accepted accounting principles. Consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Income Taxes

The Foundation is a not-for-profit Foundation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Estimates

The preparation of financial statements in conformity with general accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Foundation considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

LOUISIANA CULTURAL ECONOMY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Furniture, Fixtures, and Equipment

Furniture, Fixtures, and Equipment are recorded at cost. Donations of property and equipment are recorded as Furniture, Fixtures, and Equipment at their estimated fair value. It is the Foundation's policy to depreciate the assets over their estimated useful lives of five (5) years using the straight line depreciation method.

Expenditures for maintenance and repairs are charged to expense as incurred.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporary or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Foundation uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based upon management's knowledge and experience and management's analysis of specific promises made. Based on prior experience, management believes all receivables to be collectible.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. A restriction expires when a stipulated time constraint ends or the purpose of the restriction is accomplished. At that point, the restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions.

Donated goods and services are recognized as contributions in accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation.

LOUISIANA CULTURAL ECONOMY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE B - CASH AND EQUIVALENTS

At December 31, 2010 the Foundation has cash and cash equivalents (book balances) totaling \$308,185:

	<u>2010</u>
Cash	\$203,551
Cash Equivalents	<u>104,634</u>
Total	<u>\$308,185</u>

These deposits are stated at cost, which approximates market. The Foundation had \$350,556 in deposits (collected bank balances) at various banks as of December 31, 2010. These deposits are secured from risk by \$250,000 of federal deposit insurance through multiple banks.

NOTE C - PROPERTY AND EQUIPMENT

A summary of property, plant, and equipment and depreciation are as follows as of December 31, 2010:

Furniture, fixtures, & equipment	\$ 2,261
Computer Hardware/Software	12,612
Accumulated Depreciation	<u>(3,140)</u>
Total Property and Equipment	<u>\$ 11,733</u>
Depreciation Expense	<u>\$ 1,706</u>

NOTE D - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	<u>2010</u>
Grants	
Economic Opportunity Fund	<u>\$ 50,000</u>
	<u>\$ 50,000</u>

NOTE E - LEASES

The Foundation leases office space on a month to month basis in New Orleans, LA and leases office space on a six month basis in Lafayette, LA. As of December 31, 2010, the Foundation incurred \$5,087 in lease payments.

LOUISIANA CULTURAL ECONOMY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE F - SUBSEQUENT EVENTS

FASB Accounting Standards Codification Topic 855, "Subsequent Events" addresses events which occur after the balance sheet date but before the issuance of financial statements. An entity must record the effects of subsequent events that provide evidence about conditions that existed at the balance sheet date and must disclose but not record the effects of subsequent events which provide evidence about conditions that existed after the balance sheet date. Additionally, Topic 855 requires disclosure relative to the date through which subsequent events have been evaluated and whether that is the date on which the financial statements were issued or were available to be issued. Management evaluated the activity of Louisiana Cultural Economy Foundation through March 30, 2011, the date the financial statements were issued, and concluded that no subsequent events have occurred that would require recognition in the Financial Statements or disclosure in the Notes to the Financial Statements.

NOTE G CONTINGENCIES

Fiscal Agent

Currently, a majority of the income generated by the Foundation is derived from contributions from various corporations, foundations, individuals, and grants from various state organizations. In many instances, the Foundation acts as a fiscal agent for these contributions. As a result, a significant portion of their revenues and expenses are due to the foundation accruing the funds and issuing them as specified.

Consequently, there are instances in which the Foundation contracts with various vendors to provide services that are to be paid upon receipt of funds from specified grants. And, due to the Foundation acting as the fiscal agent they accrue a liability to the vendors. However, since the proceeds may not be Unconditional Promises to Give, there are instances in which the Foundation is not guaranteed these funds; therefore, they are not able to record the items as receivables on their financial statements. As of December 31, 2010, the Foundation recognizes the following Contingencies on their Statement of Financial Position due to these outstanding liabilities:

Vendor	Outstanding Liability	Available per Grant	Unconditional Promise to Give
Community Wealth Ventures, Inc.	\$ 100,264	\$ 120,000	\$ -
NOCCI	8,144	12,003	-
Sabiston Consultants	15,000	12,003	-
The Sound Source	36,945	61,073	-
Total	<u>\$ 160,353</u>	<u>\$ 181,073</u>	<u>\$ -</u>

PAILET, MEUNIER and LeBLANC, L.L.P.

Certified Public Accountants

Management Consultants

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Louisiana Cultural Economy Foundation

In planning and performing our audit of the financial statements of Louisiana Cultural Economy Foundation as of and for the year ended December 31, 2010, in accordance with auditing standards generally accepted in the United States of America, we considered Louisiana Cultural Economy Foundation's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of Foundation's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

This communication is intended solely for the information and use of the Legislative Auditor, audit committee, management, others within the foundation and grant awarding agencies and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Pailet, Meunier and LeBlanc, LLP

Metairie, Louisiana
March 30, 2011

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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

We were engaged to audit the financial statements of Louisiana Cultural Economy Foundation, as of December 31, 2010 as of and for the year then ended and have issued our report thereon dated March 30, 2011. We conducted our audit in accordance with auditing standards generally accepted in the *United States of America* and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

SECTION I - SUMMARY OF AUDITOR'S RESULTS

A. Control Deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements: No. Material weaknesses: No.

B. Noncompliance which is material to the financial statements: No

C. Control Deficiencies in internal control over major programs: N/A.
Material weaknesses: N/A.

D. The type of report issued on compliance for major programs: N/A.

E. Any audit findings which are required to be reported under section 510(a) of OMB Circular A-133: N/A

F. Major programs: N/A.

G. Dollar threshold used to distinguish between Type A and Type B programs: N/A.

H. Auditee qualified as a low-risk auditee under section 530 of OMB Circular A-133: N/A.

I. A management letter was issued: No

SECTION II - FINANCIAL STATEMENT FINDINGS

None

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Not applicable.

**SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2009**

09-01 Accounting Personnel

Finding: As part of the audit, Paillet, Meunier and LeBlanc, LLP has prepared a draft copy of the Foundation's financial statements on the Foundation's behalf and has provided a copy for their approval prior to issuance of the financial statements. This is due primarily due to their reliance on us for this expertise, which could imply that management does not possess the skills and knowledge necessary to prepare financial statements that are in accordance with generally accepted accounting principles, including all significant footnote disclosures.

Current Status: Resolved. Louisiana Cultural Economy Foundation has the appropriate personnel to assist in the preparation of the financial statements in accordance with generally accepted accounting principles, including all significant footnote disclosures.

PAILET, MEUNIER and LeBLANC, L.L.P.

Certified Public Accountants

Management Consultants

Norma Jane Sabiston
Louisiana Cultural Economy Foundation
900 Peniston St.
New Orleans, LA 70115

We have audited the financial statements of Louisiana Cultural Economy Foundation for the year ended December 31, 2010, and have issued our report thereon dated March 30, 2011. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated March 30, 2011. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Louisiana Cultural Economy Foundation are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the 2009 – 2010 fiscal year. We noted no transactions entered into by the Foundation during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of the allowance for doubtful accounts is based on historical collection rates and an analysis of the collectability of individual promises. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

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Norma Jane Sabiston
March 30, 2011
Page 2
Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 30, 2011.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Foundation's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Foundation's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of management and Board of Directors of Louisiana Cultural Economy Foundation and is not intended to be and should not be used by anyone other than these specified parties.

Paillet, Meunier and LeBlanc, LLP

Metairie, LA
March 30, 2011